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ACTION OES-06

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FM AMEMBASSY NEW DELHI

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INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

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SUBJECT: THE MODUS OPERANDI OF SPECIAL FOREIGN CURRENCY SUPPORTED
RESEARCH PROJECTS UNDER THE INDO-US SUBCOMMISSION ON S&T

BEGIN SUMMARY: DISCUSSIONS BETWEEN EMBASSY SCIENCE
OFFICERS AND MEMBERS OF THE GOI MINISTRIES OF SCIENCE
AND TECHNOLOGY, HEALTH, CSIR, AGRICULTURE, AND FINANCE
INDICATE A CHANGE IN EMPHASIS AS WELL AS A CHANGE IN THE
CLEARANCE PROCEDURE REGARDING JOINT SCIENTIFIC COOPERATION. THE
NEW CLEARANCE PROCEDURE REQUIRES A HIGHER LEVEL GOI CLEARANCE THAN THAT
REQUIRED PREVIOUSLY.

THE NEED FOR FOREIGN COLLABORATION MUST BE SHOWN IN A
PROPOSAL BEFORE US SFC CAN BE USED TO SUPPORT A PROJECT.
THE GOI IS WILLING AND ABLE TO SPONSOR WITH A GOI SPECIAL
FUND THOSE NECESSARY RESEARCH PROJECTS THAT DO NOT
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REQUIRE COLLABORATION. THE GOI ENTHUSIASTICALLY WISH

TO CONTINUE SCIENCE COOPERATION. THAT ENTHUSIASM, HOWEVER, APPEARS MORE DIRECTED TOWARD A NEW TYPE OF COLLABORATION ON PRIORITY PROJECTS EARMARKED BY THE SUBCOMMISSION AND ESTABLISHED FOR FUNDING BY BOTH, REPEAT BOTH, GOVERNMENTS. THE RESULT WILL LIKELY BE A SOMEWHAT REDUCED REQUIREMENTS IN THE FUTURE FOR SPECIAL FOREIGN CURRENCY, AS WE SEEM TO BE MOVING TOWARDS A MORE EQUAL PARTICIPATION BOTH FINANCIALLY AND TECHNICALLY. END SUMMARY.

1. ACCORDING TO V. KRISHNASWAMI, JOINT SECRETARY, DEPARTMENT OF ECONOMIC AFFAIRS (DEA), THERE ARE FOUR QUESTIONS THAT MUST BE CONSIDERED BY THE ORIGINATING INDIAN AGENCY BEFORE A RESEARCH PROPOSAL IS SUBMITTED FOR SFC SUPPORT:

- A. IS THE PROJECT NECESSARY?
- B. CAN THE GOI FINANCE IT?
- C. WOULD IT BE BENEFICIAL TO HAVE FOREIGN COLLABORATION?
- D. IF SO, "IS IT OBJECTIONABLE" FROM THE POINT OF VIEW OF MILITARY SENSITIVITY, NATIONAL SECURITY, ETC. (E.G., THE MOSQUITO PROJECT*)?

2. THE DEA HAS ESTABLISHED A SPECIAL FUND OF TWO OR THREE CRORES OF RUPEES (\$2-3 MILLION) TO SUPPORT NEW NECESSARY PROJECTS THAT DO NOT REQUIRE FOREIGN COLLABORATION. ACCORDING TO KRISHNASWAMI, THIS IS APPROXIMATELY HOW MUCH THE US IS SPENDING ON SFC PROJECTS ANNUALLY. (THIS IS APPROXIMATELY CORRECT FOR THE PAST THREE YEARS. HOWEVER, BEFORE THAT, THE ANNUAL RUPEE EXPENDITURES AVERAGED \$4-5 MILLION.)

3. THE NEW CLEARANCE PROCEDURE, ACCORDING TO KRISHNASWAMI, ESTABLISHED FOR ALL PROJECTS IS AS FOLLOWS:

- A. THE PROPOSAL IS SENT BY THE RESEARCH INSTITUTION TO THE APPROPRIATE RESEARCH COUNCIL WHERE IT IS TECHNICALLY REVIEWED AND IF APPROVED IS FORWARDED TO THE CONCERNED MINISTRY OR DEPARTMENT WHERE IT IS DETERMINED IF FOREIGN COLLABORATION IS REQUIRED.
- B. IF IT IS DETERMINED THAT FOREIGN COLLABORATION IS NOT REQUIRED, IT IS EITHER SUPPORTED BY THE MINISTRY BUDGET, OR THE PROPOSAL IS FORWARDED TO THE MINISTRY OF LIMITED OFFICIAL USE

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- FINANCE (MOF) COMMITTEE ON EXPENDITURES (DEA) FOR REVIEW IF IT CAN OR SHOULD BE SUPPORTED BY THE SPECIAL DEA FUND.
- C. IF FOREIGN COLLABORATION IS REQUIRED, THE PROPOSAL IS SENT BY THE MINISTRY OR DEPARTMENT TO DEA/MOF, WITH A REQUEST THAT DEA APPROVE THE USE OF SFC.
- D. DEA THEN SENDS THE PROPOSAL TO THE CABINET SECRETARY'S COMMITTEE FOR CLEARANCE ON SENSITIVITY ONLY. IF CLEARED BY THIS HIGH-LEVEL COMMITTEE, THE DEA WRITE TO THE EMBASSY

INDICATING GOI APPROVAL OF THE PROJECT.

E. THERE IS SOME UNCERTAINTY IN KRISHNASWAMI'S MIND REGARDING THOSE COLLABORATIVE PROJECTS NOT REQUIRING SFC (E.G., THOSE PROPOSED BY THE INDO-US SUBCOMMISSION ON S&T WHERE BOTH SIDES WOULD FUND THEIR OWN RESEARCH), BUT HE BELIEVES THAT THE ABOVE CLEARANCE PROCESS WOULD STILL HOLD FOR SUCH PROJECTS, ESPECIALLY SINCE DEA IS THE FOCAL GOI MINISTRY THAT MUST APPROVE ALL COOPERATIVE PROJECTS AND NOTIFY THE EMBASSY OF PROJECT APPROVAL.

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4. KRISHNASWAMI SAID THAT IN THE PAST SOME INDIAN RESEARCHERS ASKED FOR SFC ONLY BECAUSE THEY COULDN'T OBTAIN FUNDS FROM THE CONCERNED MINISTRY OR DEPARTMENT AND NOT BECAUSE COLLABORATION WAS NEEDED. THE DEA SPECIAL FUND SHOULD ELIMINATE THIS PRACTICE. FURTHERMORE, HE SAID THAT IN THE PAST SOME INDIAN RESEARCHERS TOOK ADVANTAGE OF THE FACT THAT THE US AGENCIES WERE MORE GENEROUS THAN GOI DEPARTMENTS AND UNNECESSARY ITEMS SUCH AS CARS, AIR CONDITIONERS, REFRIGERATORS, ETC., WERE INCLUDED IN THE PROPOSALS.

5. DURING THE RECENT INDO-US WORKSHOP ON SOLAR AND WIND ENERGY, COLLABORATION WAS STRESSED BY BOTH US AND INDIAN PARTICIPANTS, AND CERTAIN GROUPS INDICATED THAT SFC WAS NOT REQUIRED FOR COOPERATION. FOR EXAMPLE, DR. SHARAN, BHARAT HEAVY ELECTRICALS LTD. (BHEL) SAID THAT BHEL COULD PROVIDE THE RUPEE SUPPORT NECESSARY FOR THE INDIAN INPUT. HE DIDN'T FEEL THAT THE MINISTRY OF HEAVY INDUSTRY COULD ADMINISTRATIVELY ARRANGE FOR SFC TO GO TO A GOVERNMENT CORPORATION. THEY WANT COLLABORATION AND FEEL THAT BHEL LIMITED OFFICIAL USE

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CAN MAKE A REAL CONTRIBUTION IN EXPERTISE. BY FINANCING THEIR PART OF THE WORK, BHEL WOULD BE MAKING A STRONG COMMITMENT TO THE SUCCESS OF THE PROJECT. BHEL IS IN EXCELLENT FINANCIAL CONDITION, AND IS VERY WILLING TO PROVIDE RUPEES. CERTAIN OTHER MINISTRIES AND DEPARTMENTS, HOWEVER, ARE NOT THAT SANGUINE FROM A FINANCIAL STANDPOINT.

6. THE MINISTRY OF EDUCATION HAS NOT APPROVED A SFC PROJECT FOR NEARLY FOUR YEARS, EVEN THOUGH THEY ESTABLISHED A NEW SCREENING COMMITTEE OVER A YEAR AGO THAT HAS NOT YET MET. DISCUSSIONS YIELD NO PROMISING RESULTS. DR. DESHPANDE, DOST, INDICATED THAT THE DOST, IN ITS ROLE AS FOCAL POINT FOR THE INDO-US SUBCOMMISSION ON SCIENCE AND TECHNOLOGY, WOULD PROVIDE A MECHANISM FOR BYPASSING THE EDUCATION MINISTRY ON PROJECTS THAT IMANATE FROM THE UNIVERSITIES AND IITS AND WOULD USE THE DOST SCREENING COMMITTEE.

7. A RECENT LETTER FROM KRISHNASWAMI (DEA) TO THE EMBASSY AND CONVERSATIONS WITH THE INDIAN COUNCIL FOR AGRICULTURAL RESEARCH (ICAR) CONFIRMED THAT TWENTY-THREE ICAR SFC RESEARCH PROPOSALS PENDING WITH DEA FOR CLEARANCE WERE LATER DECLARED NON-ESSENTIAL FOR US COLLABORATION BY THE ICAR. THE RUPEES FOR SUPPORT OF THE PROJECTS WOULD COME FROM THE DEA SPECIAL FUND. ACCORDING TO DR. SWAMINATHAN, DIRECTOR GENERAL, ICAR, NO SPECIAL FUNDS HAVE BEEN PROVIDED BY DEA AS YET.

8. SEVENTEEN NEW JOINT RESEARCH PROJECTS SENT BY THE MINISTRY OF HEALTH AND FAMILY PLANNING (MOHFP) TO DEA ABOUT SIX MONTHS AGO FOR US COLLABORATION HAVE BEEN RETURNED TO THE MOHFP, ACCORDING TO KRISHNASWAMI, BECAUSE OF THE NEW SCREENING PROCEDURES FOR ANOTHER REVIEW TO ENSURE THAT COLLABORATION (AND SFC) IS REQUIRED.

9. AT THE REQUEST OF THE GOI, THE EMBASSY SUBMITTED TWELVE RESEARCH PROJECTS WHICH HAD PREVIOUSLY RECEIVED GOI APPROVAL, BUT NOT BEEN CONSIDERED BY THE GOI IN ITS RECENT

REVIEW OF ONGOING PROJECTS, BACK TO THE DEA FOR RECLEARING
THROUGH THE NEW CLEARANCE PROCEDURE.

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10. BEGIN COMMENT: THE JANUARY 1976 MINUTES OF INDO-US
SUBCOMMISSION ON S&T DO NOT MENTION WHAT MECHANISMS
WILL BE USED TO SUPPORT COLLABORATIVE PROJECTS, BUT
THEY DO EMPHASIZE RESEARCH COOPERATION. SOME GOI MINISTRIES
AND DEPARTMENTS SEEM TO HAVE SUFFICIENT RUPEES OF THEIR
OWN FOR RESEARCH PROJECTS; OTHERS DO NOT. THERE IS ALSO
THE NEW DEA SPECIAL FUND FROM WHICH, HOWEVER, NO PRO-
JECT HAS YET BEEN FUNDED. WHILE THERE DOES SEEM TO BE
A GENUINE DESIRE FOR CONTINUING SFC SUPPORT FROM
CERTAIN QUARTERS IN THE GOI, THE EMBASSY HAS NOT
RECEIVED ANY NEW PROJECTS CLEARED BY THE GOI FOR SFC
SUPPORT SINCE THE 187 PROJECTS WERE APPROVED LAST
FEBRUARY AND THE NEW PROCEDURE FOR CLEARANCE WAS
ESTABLISHED.

11. WHILE REPORTS WE RECEIVED FROM DIFFERENT
MINISTRIES VARY AND THERE IS AS YET NO COORDINATED GOI
POLICY CHANGE, THERE SEEMS TO BE EMERGING IN PRACTICE
A SHIFT AWAY FROM THE TRADITIONAL SFC FUNDED PROJECT.
THE AVAILABILITY OF RUPEE FUNDS TO SOME MINISTRIES AND
THE CREATION OF THE SPECIAL DEA FUND SUGGEST A REDUCED
ROLE FOR USG SFC FUNDING. NEVERTHELESS, BOTH KRISHNASWAMI
OF DEA AND DESHPANDE OF DSOT HAVE SAID THERE HAS BEEN
NO POLICY CHANGE AND SFC PROJECTS WILL EVENTUALLY BE
CLEARED. IT MAY BE THAT THE NECESSITY TO FOLLOW NEW
PROCEDURES IN A NOTORIOUSLY SLOW BUREAUCRACY IS PART OF
THE PROBLEM. THE CONCERN OF EACH MINISTRY THAT THEY
MUST PROVIDE GUARANTEES TO THE GOI AND US EMBASSY THAT
COLLABORATIVE PROJECTS ARE NOT SENSITIVE MAY ALSO
BE CAUSING DELAYS.

12. IT IS CLEAR FROM THE S&T SUBCOMMISSION MEETING AND
LATER SCIENTIFIC GATHERINGS UNDER ITS JURISDICTION
THAT THE GOI ENTHUSIASTICALLY WISHES TO CONTINUE
SCIENCE COOPERATION. THAT ENTHUSIASM, HOWEVER, APPEARS
MORE DIRECTED TOWARD A NEW TYPE OF COLLABORATION ON
PRIORITY PROJECTS EARMARKED BY THE SUBCOMMISSION AND
ESTABLISHED FOR FUNDING BY BOTH, REPEAT BOTH, GOVERN-
MENTS THAT TOWARD THE TRADITIONAL SFC FINANCIAL
PROJECT. INsofar AS THE NEW STYLE MAKES COLLABORATION
MUTUAL IN ALL RESPECTS-- BOTH FINANCIAL AND TECHNICAL-- THE
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BASIS FOR STABLE SCIENTIFIC COOPERATION SHOULD BE
STRENGTHENED. WE FEEL THAT IN THE FUTURE JOINT
RESEARCH WILL CENTER AROUND PROJECTS APPROVED AS
PRIORITY BY THE INDO-US SUBCOMMISSION ON S&T AND THE
MECHANISM OF SUPPORT WILL BE WORKED OUT DURING THE
CLEARANCE PROCESS. THIS MAY REDUCE THE REQUIREMENTS
FOR SFC TO SOME EXTENT AND MAKE COLLABORATION MUTUAL
IN ALL RESPECTS--FINANCIAL AND TECHNICAL. END
COMMENT.
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